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CHAM-0174 Copy & of 4 27 Nevember 1959

MEMORANDUM FOR: Comptroller, DPD

SUBJECT

- : Contract No. SS-100, CONVAIR San Diego, California Project CHAMPION
- 1. Contract No. SS-100 covered studies and tests of the Project CHAMPION. Contractor has satisfactorily completed the terms of the Contract and requests final payment.
- 2. In support of this claim the following documents are attached:
 - a. Auditor's Report No. 523 (DFD-4963-59, Cy #2)

b. Auditor's Report No. 389 (DPD-2157-59, Cy #2)

- c. Contractor's Patent Statement (Incl #1, CHAM-Ol65, Cy #1) c. Contractor's Letter with Final Release, Assignment of * Refunds, Rebates and Credits and Final Voucher (DPD-8063-59. Cy #1).
- 3. No Government-property was generated or furnished for work conducted at San Diego. Government-property generated under the Fort Worth portion has been transferred to the GUSTO Contract. See Auditor's Reports for supporting documentation.
- 4. Contractor has submitted the required final reports and these have been accepted by the Technical Monitors. See Memorandums CHAM-0134 dated 25 February 1959 and CHAM-0162 dated 1 July 1959, copies of which were previously furnished to you.
- 5. In view of the above it is requested that Contractor's Final Voucher be processed and paid. Further, please advise this office of final payment and amount liquidated from the contract.

Contracting Officer. DPD

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Attachments: 25X1

As Listed in Para 2

DPD_DD/ mw (27-11-59) Distribution:

Orig - Finance

72 - Contracts (SS-100 Cont.See) STURIT

3 - Air Force Audit

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DEPARTMENT OF THE AIR FORCE HEADQUARTERS UNITED STATES AIR FORCE WASHINGTON 25, D. C.

2pp-4963-59 copy 10F3

#523

REPLY TO:

Auditor General Comptroller, USAF Eastern District Liaison Office PO Box 8155, SW Stn Washington, D. C.

15 July 1959

SUBJECT:

Contract Audit Closing Statement Contract No. NOas 58-812 (SS-100)

CONVAIR, A Division of General Dynamics Corporation

San Diego, California

TO:

Contracting Officer

REF:

DPD-3310-59 dated 15 May 1959

- 1. In accordance with your request, a final audit has been made of the contractor's records and accounts to determine the accuracy of the costs submitted by the contractor in the total amount of \$207,737.03.
- 2. Allowable costs in the performance of the contract were determined in accordance with Part 2, Section XV, Armed Services Procurement Regulations, and other terms of the contract.
- 3. Costs Approved: As a result of our examination, costs in the amount of \$207,737.03 have been audited and approved for payment under the contract. This total is inclusive of the Ft. Worth subcontract amount of \$76,310. recommended for reimbursement. (See our Report #389, dated 31 March 1959). Fee is claimed in the total amount of \$14,637.
- 4. Unclaimed Wages, Unclaimed Deposits, Outstanding Checks, Potential Credits and Refunds: Our examination did not disclose any unclaimed wages, unclaimed deposits nor outstanding checks applicable to costs reimbursed under the subject contract. There are no known potential credits or refunds.
- 5. Government Property: No Government-owned property was generated under the San Diego (prime) portion of the contract. Government-owned property applicable to the Ft. Worth subcontractor's performance was reported in our Report #389.

6. Royalty and Patent Reports and Final Release: The auditor was informed that patent disclosure and royalty payment reports have been forwarded to the Contracting Officer. The Contractor's Cumulative Claim and Reconciliation and final release are in process of preparation and will be submitted at an early date.

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Liaison Officer Eastern District Auditor General

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DEPARTMENT OF THE AIR FORCE HEADQUARTERS UNITED STATES AIR FORCE WASHINGTON 25, D. C.

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#389

DPD-2157-59

REPLY TO:

Auditor General Comptroller, USAF Eastern District Liaison Office P.O. Box 8155, S.W. Station Washington, D. C.

31 March 1959

SUBJECT: Report of Audit of Cost-Type Work Order No. 52-85-510

Convair, Fort Worth Division General Dynamics Corporation

Fort Worth, Texas

Under Convair, San Diego Division

General Dynamics Corporation

San Diego, California Sales Order No. 1949-1-4 Prime Contract No. SS-100

Period: 6 October 1958 to 23 January 1959

TO : Contracting Officer

REF : CHAM-Oll3 dtd. 30 December 1958

1. Results of Examination:

The final audit of subject work order was completed with the following results:

All costs were transferred to the San Diego Division,

	Costs Transferred from Convair, Ft. Worth to Convair, San Diego	Approved Costs	Disapproved Costs
Engineering Labor Division Overhead Other Charges	\$51,735 20,513 2,473 (A)	\$51,735 20,384 2,473	\$ 129
General Office Overhead	2,169	1,718	451
Total (No Fee)	<u>\$76,890</u>	<u>\$76,310</u>	\$ 580

Page 2

(A) consists of the following: Travel expense IBM computer rental Materials Retroactive wages Total Contractual Data: a. This work was authorized by letter of San Diego Fort Worth Divisiondated 21 October 1958, without Division to specifying the scope of the work (which we understand was verbally arranged), or the period of performance or the estimated cost thereof: dated 14 October 1958 b. A letter from indicated that the Work Order had commenced with an estimated cost of \$40,000. Engineering Chief, Fort Worth Division, indicated that verbal authorization for the cost incurred in excess of \$40,000 had been obtained from the San Diego Division. 3. Disapproved Costs: These represent overhead costs incurred during the year 1958. Although negotiated rates have not yet been determined for this year the auditor established acceptable rates with the contractor for this Work Order only, in order to permit contract close-out, because of the small amount of unresolved overhead costs involved. Division Overhead Expense: Approved Engineering Labor Hours applicable to this contract Book overhead rate - \$ 2.20836 Overhead rate accepted by auditor - \$ 2.19447 129 (B) Disapproved costs (A) of this amount \$20,221 was reimbursed at approved overhead billing rates (actual year to date book overhead less 1%). (B) consists of the following: Business interruption insurance 6 Entertainment expense 2 Memberships and subscriptions 24 Donations Financial assistance - Education institutions & programs 3 Miscellaneous unreimbursable 47 Total 129

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b. General Office Overhead Expense:

Approved Engineering Labor Hours (per Par. 3a)

Book overhead rate - \$.2335

Overhead rate accepted by auditor - \$.1850 (B)

Disapproved costs

\$ 451

- (A) of this amount \$1,431 was reimbursed at approved overhead billing rate of \$.154.
- (B) Rate approved by Air Force for CFFF pricing purposes. The contractor proposed a rate of \$.193 to the auditor for this contract, but was agreeable to the reduced rate of \$.185 in order to be in consonance with AF Pricing policies.

4. Government Property:

- a. The contractor complied with final Government property accounting requirements by submittal of a certified Inventory Schedule dated 13 March 1959 (original and nine (9) copies attached) with a recommendation that all the residual items be transferred to Contract AF 33(600)-38772.
- b. The residual items, valued at \$4,480, consist of \$43 of material costs (Per Paragraph 1, Note (A)) and \$4,437 of estimated Engineering Labor costs.
- c. We were unable to verify the accuracy of the residual inventory because the scope of the work had been verbally arranged and no Government property records were maintained indicating the quantities of models which were produced. Therefore, reliance was placed on the contractor's certification.
- d. It is suggested that the Contracting Officer point out to the contractor the requirements for maintaining adequate Government property records under Appendix B, ASPR so that these may be maintained for any future contracts under the project.

	e.	The	contra	ctor	states	, in	letter	of	•					
dated	16	March	1959,	that	there	are	no kno	m	claim	s in	state	d amo	unts	to
be re	er	ved in	the c	ontra	ct rel	ease.	Also	, t	here	are	no kno	wn cr	edita	3,
refund	is o	or reb	ates.]	

Audit Liaison Officer Eastern District Auditor General

Enclosure:

Inventory Certificate dtd. 13 March 1959 (original and nine (9) copies)

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13 March 1959

INVENTORY SCHEDULE

Description	Estimated Cost
l Full Scale Inlet Model	\$ 280.00
1 Full Scale Inlet Model	560.00
l Full Scale Exit Model	1,680.00
1 1/8 Scale Complete Model	560.00
24 1/46 Scale Models	1,400.00

The undersigned as individuals and as authorized representatives of General Dynamics Corporation, Convair Division, Fort Worth (hereinafter called the Contractor), hereby certify that we have examined the above Schedule, and that in the exercise of our best judgment, and to the best of our knowledge, based upon information believed to be reliable, said inventory Schedule represents all materials, tools and equipment on hand at Convair-Fort Worth upon completion of contract SS-100 for which the contractor is accountable. These items can be utilized to advantage by Convair in the performance of Contract AF33(600)-38772. It is requested that for accountability purposes these items be transferred to said Contract.

GENERAL DYNAMICS CORPORATION CONVAIR DIVISION (FORT WORTH)

Chief of Contract Administration

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STAT	To:		•	•
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٠	audit.	•	**************************************	
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			Contracts Coor	dinator
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to:

P. O. Box 1324 Main Post Office Washington, D. C.

Subjects

Contract MOas 58-812

In compliance with the terms of subject contract, it is reported that to the best of Contractor's knowledge and belief there were no Subject Inventious reasonably appearing to be patentable and conceived or first actually reduced to practice in the performance of ambject contract. Further, it is reported that to the best of Contractor's knowledge and belief the contract cost does not include any amount representing a payment of royalty by the Contractor directly to others in connection with the performance of the contract.

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Contracte Coordinater

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DPD 8063-59 Copy 2 g Z

20 November 1959

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Main Post Office Washington, D. C.

Subject:

Contract NOas 58-8129

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Submitted herewith are cooles of Contractor's Release, Contractor's Assignment ofRefunds, Recates, and Gredits, and the final voucher requesting payment.

ONTERCT Coordinator

CCS:ger

Tile 55-1000 Dry See.

C O N V A I R A Division of General Dynamics Corporation (San Diego)

Contractor 18 Cumulative Claim and Reconciliation Navy Contract NO28 53-812e At 30 June 1959

Total claimed from inception of work under this contract; less disallowances concurred in by the Sub-Contractor and disallowances not subject to appeal:

Direct Material	8 (4.99)
Direct Labor	76,373.25
Other Direct Costs	12,137.35
Overhead (Idirect Costs)	48,021.61
Transfers From Other Divisions	76,310.20
General Office and General	, ,
Administrative Expense	2,649.61
Total	\$215,487.03
fixed fee	14.637.00
Amount Claimed	\$2 30,124.0 3
Leso: Items approved on Public	
Vouchers Nos. 1 to 3 inclusive	230,124,03
Items disallowed - Subject to appeal	_
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I certify that the above figures have been taken from the records of Comveir, A Division of General Dynamics Corporation, and are correct to the best of ${\rm Hy}$ knowledge and belief.

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Assistant Billing Supervisor 16 August 1959

CONTRACTOR'S RELEASE

Contract No.	NOas	58-812c
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	P	ursu	ant to	the terms	of Cont	ract	No. NOas	58-812c	and	in	conside	ration	of	the
				d thirty	thousand	one	hundred	twenty four	dollars	and	three	cents	-	
(\$2	30.	124.0	03)											

which has been or is to be paid under the said contract to CONVAIR - A Division of General Dynamics Corporation (hereinafter called the Contractor) or to its assignees, if any, the Contractor, upon payment of the said sum by the UNITED STATES OF AMERICA (hereinafter called the Government), does remise, release, and discharge the Government, its officers, agents, and employees, of and from all liabilities, obligations, claims, and demands whatsoever under or arising from the said contract, except:

- 1. Specified claims in stated amounts or in estimated amounts where the amounts are not susceptible of exact statement by the Contractor as set forth in Exhibit "A" attached hereto and hereby incorporated herein by this reference.
- 2. Claims, together with reasonable expenses incidental thereto, based upon the liabilities of the Contractor to third parties arising out of the performance of the said contract, which are not known to the Contractor on the date of the execution of this release and of which the Contractor gives notice in writing to the Contracting Officer not more than six (6) years after the date of this release.
- 3. Claims for reimbursement of costs (other than expenses of the Contractor by reason of its indemnification of the Government against patent liability), including reasonable expenses incidental thereto, incurred by the Contractor under the provisions of the said contract relating to patents.

The Contractor agrees, in connection with patent matters and with claims which are not released as set forth above, that it will comply with all of the provisions of the said contract, including without limitation those provisions relating to notification to the Contracting Officer and relating to the defense or prosecution of litigation.

IN WITNESS WHEREOF, this release has been executed this 5th day of November 1959.

GENERAL DYNAMICS CORPORATION

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Vice President and Controller Convair Division

CERTIFICATE

STAT	ī.		, certify that I	I om tho	Accietont	
	~		Cor orry ones	r om 6110	ASSISCANC	
	Secretary	of the	Corporation named as Co	ontractor in	the foregoing re	lease
STAT	that	who a	signed said release on l	behalf of the	Contractor was	then
	Vice Preside	ent and Controller	of CONVAIR Division	on of said Co	proporation: that	said
*	release was	duly signed for and	l in behalf of said Corr	poration by a	authority of its	
	governing bo	dy and is within th	ne scope of its corporat	te powers.	•	
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CONVAIR - San Diego Form 91-0-3 CONVAIR - San Diego Form 91-0-2

Exhibit "A" to Contractor's Release

Contract NOas 58-812c

(a) Claims in the following estimated amounts:

None

(b) Claims suspended, subject of appeal:

None

CONTRACTOR'S ASSIGNMENT OF REFUNDS, REBATES, AND CREDITS

Pursuant to the terms of Contract No. NOas 58-812c and in consideration of the reimbursement of costs and payment of fee, as provided in the said contract and any assignment thereunder, Convair - A Division of General Dynamics Corporation (hereinafter called the Contractor) does hereby:

- 1. Assign, transfer, set over and release to the UNITED STATES OF AMERICA (hereinafter called the Government) all right, title and interest to all refunds, rebates, credits or other amounts (including any interest thereon) arising out of the performance of the said contract, and for which the contractor was paid or reimbursed by the Government, together with all the rights of action accrued or which may hereafter accrue thereunder, (except those for refunds or rebates of, or credits for, taxes paid to the State of California or any political subdivision thereof).
- 2. Agree to take whatever action may be necessary to effect prompt collection of all refunds, rebates, credits or other amounts (including any interest thereon) due or which may become due, and to promptly forward to the Navy Department (U.S. Navy Regional Accounts Office, Washington 25, D.C.) checks (made payable to the Treasurer of the United States) for any proceeds so collected. The reasonable costs of any such action to effect collection shall constitute allowable costs when approved by the Contracting Officer as stated in the said contract and may be applied to reduce any amounts otherwise payable to the Government under the terms hereof.
- 3. Agree to cooperate fully with the Government as to any claim or suit in connection with refunds, rebates, credits or other amounts due (including any interest thereon); to execute any protest, pleading, application, power of attorney or other papers in connection therewith; and to permit the Government to represent it at any hearing, trial or other proceeding arising out of such claim or suit.
- 4. In the event the contractor obtains or receives any refund or rebate of, or credit for, taxes paid to the State of California or any political subdivision thereof, in connection with the performance of this contract, and for which the contractor was paid or reimbursed by the Government, the contractor agrees to pay over to the Government an amount equal to such refund or credit (including interest paid or credited to the contractor incident to such refund or credit to the extent that such interest was earned after the contractor was paid or reimbursed by the Government for such taxes). In the event the contractor receives any benefit in lieu of or in addition to such a refund or credit, the contractor agrees to pay over to the Government an amount equal to such benefit.

IN WITNESS WHEREOF, this assignment has been executed this 5th day of November 1959.

GENERAL DYNAMICS CORPORATION

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By			
Vice	President	and Controller	
		Division	

CERTIFICATE

I, Edmund Burke, certify that I am the Assistant Secretary of the Corporation named as Contractor in the foregoing assignment; that who signed said assignment on behalf of the Contractor was then Vice President and Controller of Convair Division of said Corporation; that said assignment was duly signed for and in behalf of said Corporation by sutherity of Ats governing body and is within the scope of its corporate powers.

APPROVED AS TO LEGALITY & FORM S. /// 1959